



## I/3 Background

October 7, 2005

### *Implementation*

1. **What is the status of the I/3 system?** The I/3 budget, finance, procurement and data warehouse components are operational. The finance nightly cycle has been automated, improving I/3 system availability. An ongoing support system, including user groups, is working to define and prioritize needed improvements. I/3 system administrators are working to improve customer communication and working with the user groups to schedule changes to the system.

2. **What challenges remain?** We are currently addressing I/3 system issues related to:

- Known software bugs,
- System performance issues, and,
- Availability of the data warehouse.

To address these challenges we are:

- A software upgrade for the Budget/Finance/Procurement modules was recently installed,
  - The upgrade focused on fixing known production software bugs,
- Our hardware environment is being upgraded,
- We are working on network stabilization,
- We are working on improving the data warehouse structure, access and usage, and,
- We are monitoring the I/3 technical infrastructure to ensure that adequate resources are available.

3. **What are the Expected Benefits?**

- Improve access to accurate and complete information
- Enhance accountability
- Eliminate redundant systems
- Implement best practices
- Support business process redesign, eliminating paper and saving time
- Reduce maintenance and development time
- Reduce or eliminate interfaces

4. **I/3 is an enabler of best practices and a tool for seeking improvements. The State will need to work at capturing the benefits by:**

- As staff become more proficient and effective training is developed/offered, productivity will begin to rise
- Establishing Executive business sponsorship to coordinate with all departments to prioritize investments, make improvements to training, and prioritize system enhancement.
- Re-engineering processes to take advantage of the capabilities of the new system.

*Financing I/3*

**5. How much did the state expect to pay for the ERP implementation project?**

- August 2000 – ERP planning study completed. Estimated costs \$42 million
- Fall 2002 – Budget for the 3 year project was estimated at \$13.8 million.
- 9/30/02 – Signed contract with AMS for \$9.5 million with anticipated future amendments
- 3/2005 – Contract amendments with CGI-AMS increased costs to \$11.5 million.

**6. What have other States spent on their ERP implementation projects?**

- **Tennessee** – in planning stages. Conservative estimate for ERP acquisition and implementation is \$97 million.
- **Arkansas** – Legislative Joint Auditing committee states that the ERP system cost “at least \$61 million”.
- **Missouri** - \$45 million spent by Office of Administration and an additional \$20 million for DOT.
- **Massachusetts** – ERP project estimated at \$64 million.

*Vendor Commitment*

**7. Why was CGI-AMS selected during the RFP process?** In reviewing the RFP responses, the review team determined that their bid met our “requirements” the best as well as having the best price.

**8. Has the vendor been paid for all implemented modules?**

No, there are several items that payment is being withheld pending successful delivery on implemented module functionality. There are:

- Several deliverables that haven’t met the requirements
- A percentage of the project money that is held until the “punch list” (errors) items have been fixed
- System performance criteria that haven’t been met

**9. What is CGI-AMS doing to resolve the requirements not yet met?**

- Focused personnel to address outstanding issues in the production system,
- Provided additional staff and investment other than just those items required by the contract,
- CGI-AMS continues to invest in Iowa, at a financial loss to CGI-AMS, in order to ensure the long-term success for the Advantage program and the State of Iowa.